

Capital: Yerevan
Population: 3.2 million (preliminary official)
GDP(current US\$): \$2 billion (2001)
Population below national poverty line (2001) : 50.9%
GDP per capita (current US\$): \$560 (2001)
GDP per capita (purchasing power parity): \$3,350 (2001)
Religion: Armenian Apostolic Church (more than 90% nominally affiliated)
Language: Armenian (96%), Russian, other
President: Robert Kocharian
Prime Minister: Andranik Markaryan
Ambassador to US: Arman Kirakossian



National Interest: A key reason for U.S. interest in Armenia stems from the large and influential Armenian-American diaspora. Armenia is also seen as important to U.S. security and economic interests due to U.S. interest in the energy resources of the Caspian Sea Basin. Regional stability and security are necessary to enhance the investor confidence needed for the development and transport of these resources. This stability and security partly rests, however, on the peaceful resolution of regional conflicts such as Nagorno-Karabakh.

OVERVIEW OF USAID'S FOCUS IN ARMENIA

FY03: Total FSA - \$89.4; USAID Total - \$54.7 million

Private Sector (FY03 \$16.8 million, 31%): The private sector portfolio promotes efforts to accelerate systemic restructuring of the economy towards a market-orientation. Activities focus on six key areas, which include investment attraction, laws and regulations to support reform, financial market development and regulation, tax, fiscal and customs reform, accounting reform, property titling, and SME development. To improve an environment for private sector activity, USAID directly assists Armenian businesses and business associations and provides training and technical assistance to SMEs in the areas of agribusiness, tourism, and IT, among others. In FY02, USAID provided over \$10.2 million in loans for entrepreneurs, of which over three quarters were women, with a repayment rate of over 98% (DAI, ACDI/VOCA, BearingPoint, GSA/SETA, ICAS, IESC, IRFP, KPMG).

Energy and Environment Sector (FY03 \$10.3 million, 19%): USAID energy programs are designed to create a foundation for a restructured, market-driven energy sector. Interventions focus on increasing private sector participation, increasing economic and environmental efficiency, and developing more diversified sources of energy. A water management program works to: improve the national framework for water quantity and quality monitoring; support local level efforts to develop market-based approaches to improving water quality; and strengthen the institutional and financial sustainability and operations of water supply entities (AEAI, IFC and Manatt Phelps Phillips, ASE, NARUC, NREL, PA, USEA, ARD, DAI).

Democracy Sector (FY03 \$7.7 million, 14%): Democracy and governance activities seek to achieve more transparent, accountable and democratic governance. The focus of activities is on enhancing citizen participation, strengthening civil society/non-governmental organization, non-state media, local governance, legislative strengthening, rule of law, and anti-corruption. Through town-hall meetings, information campaigns, and citizen action committees, USAID activities seek to engage a broad range of citizens to understand and advocate for their rights. Nine pilot municipalities are assisted in decentralizing the legal framework, establishing transparent management systems, participating in local government associations and becoming more accessible to citizens. Legislative strengthening activities focus on building the capacity of the National Assembly to support the legislative process focusing on finance and analysis, constituency outreach, and media relations (IFES, NDI, ABA/CELLI, JA, UI, WL, ProMedia, Internews, DAI).

Social Transition Sector (FY03 \$14.9, 27%): The social transition and health program seeks to strengthen and assure the sustainability of key aspects of the social safety net and health care systems, while providing critical services to the most vulnerable. Activities focus on supporting the GOAM in reforming its pension, poverty family benefit, and health benefit programs, and restructuring health care financing; improving access to and quality of social and primary health care services; and direct assistance to meet health and nutritional needs and provide short-term employment. USAID is working to help GOAM reform the framework that supports social and health service delivery programs. Strengthening primary health care, principally through family medicine / family group practices, and strengthening service provided by rural health posts is a key goal of the social transition portfolio. USAID activities include a focus on women's reproductive health services, with an emphasis on maternal health and infant care and prevention. Infrastructure or public works activities assist vulnerable populations by providing short-term income generation (PADCO, Prime II, CRS, UMCOR, AIHA, Armenian Assembly of Armenia, Helenese, Save the Children, Care Lift).

Cross-Cutting Program (FY03 \$5.0, 9%): USAID supports activities that include technical support to the National Statistics Service for enumerating and analyzing data from the Armenian census. Eurasia Foundation programs focus on accelerating private sector growth, enhancing public administration, strengthening media, and advancing democratic development. USAID provides training to Armenians to strengthen human capacity in all of USAID's strategic objective sectors. (AED, BUCEN, EF)

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